



U.S. SMALL BUSINESS ADMINISTRATION  
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

October 24, 2007

The Honorable John F. Kerry  
Chairman  
Committee on Small Business and entrepreneurship  
United States Senate  
Washington, DC 20510

Dear Chairman Kerry:

Thank you for your letter of October 23, 2007, concerning the recent press articles about Blackwater USA and the employment status of its workers. My staff recently made some information available to Chairman Waxman of the House Committee on Oversight and Government Reform and I would like to share it with you in response to your inquiry.

On November 2, 2006, the U.S Small Business Administration (SBA) issued a size determination regarding Presidential Airways, an affiliate of Blackwater. This determination was in response to a size protest filed with SBA on a Department of the Navy, Military Sealift Command procurement (N00033-05-R-1004). The SBA found that Blackwater personnel in question were not employees, and therefore Presidential Airways did not exceed the applicable size standard. I have enclosed a copy of the decision.

SBA incorporated IRS tax criteria as an element in determining whether personnel are employees, in matters where the size standard is based on a concern's average number of employees. However, SBA's size determinations are solely for the purposes of ascertaining eligibility for our small business programs and have no applicability to tax liability matters.

If you or your staff have any other questions on this matter please feel free to contact C.E. "Tee" Rowe, Assistant Administrator for Congressional Affairs, at 205-6703.

Sincerely yours,

Steven C. Preston

Enclosure